

# GST collections keep alive hope of 6.8% fiscal deficit in FY22

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The June GST collections has once again brought back confidence in the Government's revenue department that not only indirect tax collections in FY22 may remain closer to budget targets but also that fiscal deficit may finally be contained as per projections.

The June numbers for GST indicate a total collection of ₹ 92,849 crore. While this is much lower than record number of ₹1.41 lakh crore in April, and reasonably well collection of 1.02 lakh crore in May, it is still considered good as it largely records collections made during May, the peak of second Covid wave in India.

As per estimates made by Kotak Institutional Equities, as GST collections for FY22 are budgeted at ₹13.1 lakh crore (₹5.3 lakh crore as CGST, ₹1

lakh crore as compensation cess and ₹6.8 lakh crore as SGST), it would warrant a required monthly run-rate of Rs 1.1 lakh crore.

This looks highly likely given the performance of GST in first three months of the year. Gross GST collections in 1QFY22 were at ₹3.4 lakh crore, 7.3 per cent higher than 1QFY20. The pick up in e-way bill has given another indicator that economic activity is returning back to normal.

The brokerage report said that Growth and tax collections should start recovering as restrictions have started easing from June and activity levels have rebounded. This should also keep country's fiscal deficit at budgeted level of 6.8 per cent of GDP with higher-than-budgeted receipts of ₹150 billion and expenditure of ₹690 billion.

